

## **Issues in physician payment policy**

**ISSUE:** What strategies can Medicare use to encourage more appropriate use of physician services and improve the quality of services provided to beneficiaries?

**KEY POINTS:** We analyze strategies that Medicare can use to encourage providers to furnish efficient, quality care for Medicare beneficiaries.

Strategies include:

- Measuring resource use by physicians in comparison to their peers,
- Setting quality standards for the performance and interpretation of imaging services, and
- Modifying the current sustainable growth rate formula (SGR) to provide incentives for individual physicians to control unnecessary volume.

This draft chapter includes a package of draft recommendations which are designed, along with our work on pay for performance and adoption of information technology, to increase incentives for coordinated, evidence-based care.

**ACTION:** Commissioners should vote on recommendations and provide feedback on this draft chapter.

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